



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

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September 6, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains reports on the following:

- **Change in Pursuit of Position on County-Opposed SB 594 (Hill)** - related to use of public funds for campaign activities.
- **Status of County-Advocacy Legislation.** Updates on three County-advocacy measures related to: 1) interest rates on judgments against State and local governments; 2) hydraulic fracturing; and 3) the display of public agency logos on contracted vehicles and uniforms.

Change of County Position on Legislation

County-opposed SB 594 (Hill), which as amended on August 21, 2013, would have limited the ability of certain nonprofit organizations that receive local government agency resources to participate in campaign activities, including advocating for or against ballot measures, was amended on September 4, 2013.

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As amended, the bill redefines the types of public resources a non-profit organization is prohibited from using for campaign activities to exempt funds received in exchange for consideration for goods or services, and to include funds generated from conduit bond financing activities. The amendments also add new transparency requirements as to when nonprofit organizations are required to report funding and campaign activities to the Franchise Tax Board.

The California State Association of Counties (CSAC) reports that the September 4, 2013 amendments would now exclude nonpublic revenues that many associations use for ballot campaign advocacy and addresses CSAC's concerns about the bill's original expansive prohibitions. CSAC has removed its opposition to SB 594 and now supports this measure. The League of California Cities, the Urban Counties Caucus, and other organizations have removed their opposition to the bill as amended.

This office, the Executive Office of the Board and County Counsel indicate that the amendments also address the County's original concerns with this measure. **Therefore, the Sacramento advocates will remove opposition to SB 594 and will take no position on this measure.**

This measure is currently on the Assembly Floor awaiting consideration.

Status of County-Advocacy Legislation

County-supported AB 748 (Eggman), which as amended on July 5, 2013, would set the interest rate on tax and fee judgments against State and local governments to the previous year's Pooled Money Investment Account rate, and would set an upper limit of 7 percent, was amended on August 30, 2013. The amendments delete the term "settlement" to clarify that the bill would apply only to the proposed pre- and post-judgment interest rates to tax or fee judgments.

At the request of County Counsel and this office, the author will submit a letter to the *Assembly Daily Journal* to state that the phrases "tax or fee claim" and "tax or fee judgment" mean claims arising from the levy, collection or charge of a tax or fee and that those phrases do not include the distribution or allocation of those revenues between public entities. These clarifications will help ensure that the provisions of the bill do not impact writ of mandate cases. AB 748 is currently pending consideration on the Senate Floor.

County-supported SB 4 (Pavley), which as amended on August 19, 2013, would: 1) require an independent scientific study on well stimulation treatments (such as hydraulic fracturing and acid injection) to be conducted by January 1, 2015; 2) provide a comprehensive regulatory framework for the regulation of well stimulation treatments in California; and 3) require air and water quality monitoring by State agencies and local water quality boards in districts where well stimulation treatments take place, was amended on September 3, 2013. As amended, the bill would also require the State Water Resources Control Board, on or before January 1, 2015, to develop a groundwater monitoring model criteria to be implemented either on a well-by-well basis or on a regional scale, on how to conduct appropriate monitoring on individual oil and gas wells subject to a well stimulation treatment to protect all waters designated for beneficial uses and to prioritize the monitoring of groundwater that is, or has the potential to be, a source of drinking water. SB 4 is pending consideration on the Assembly Floor.

County-opposed SB 556 (Corbett), which as amended on July 1, 2013, would prohibit private entities contracting with a public agency from displaying content on their uniforms or vehicles which could imply that the local agency is providing those services, unless the contractor vehicle and uniforms conspicuously display a disclaimer that they are not government employees, was amended on August 26, 2013 and on September 4, 2013.

As amended on August 26, 2013, the bill would change the disclosure statement which contractors must display on vehicles and employee uniforms to identify them as a contracted service provider and not a government entity, and would prohibit the display of the public agency's logo without this disclaimer. As further amended on September 4, 2013, the bill would specify that these provisions would only apply to private entities contracting with a local agency to provide services related to public health or public safety.

This office is working with impacted departments and County Counsel to determine the impact of these amendments to the County.

SB 556 is currently on the Assembly Floor.

We will continue to keep you advised.

WTF:RA
MR:VE:IGEA:ma

c: All Department Heads
Legislative Strategist